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No. 06-1372

IN THE

Supreme Court of the United States

RICHARD W. BERGER and BRANT W. BERGER,

Petitioners,

v.

ROSSIGNOL SKI COMPANY, INCORPORATED,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF

DOUGLAS B. ALLEN
BURNETT, BURNETT, & ALLEN
160 W. Santa Clara Street
Suite 1200
San Jose, CA 95113
(408) 298-6540

Attorney for Petitioners

209420

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

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Northern District of California Local Patent Rules

RULE 56 4

RULE 60(b) 7

Federal Rules of Civil Procedure

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Are preliminary infringement contentions, as defined by the local rules of the Northern District of California "substantive" or "procedural". If they are "substantive" as described by Respondent then they take the place of the patent claims themselves, to be applied by the Court to the accused device as done here. If, however, they are "procedural" or a matter of "form", then this case exemplifies an unfair and unlawful application of local rules, which have not only deprived these Petitioners of a valid patent claim, but will continue to plague other plaintiffs, struggling against poor financing and economically superior defendants, and will further mean that patent litigation will be an exception to the long established mandate of American jurisprudence that cases be tried upon the merits. Petitioners contend that such rules are clearly not substantive, but procedural. Because they are procedural and because the Court below disregarded the evidence in exalting form over substance, petitioners were denied a trial of their case upon the merits. A trial upon the merits is doctrine well rooted in American law and found in numerous references replete through the rules and cases. This petition, not only reveals the error of the lower Court, when upon exalting the form of the local rules over the substance of the evidence before it on a motion for summary judgment erroneously ruled in petitioners case, but also reveals a policy of the Northern District of California, setting a trend for other districts [*J.S.R. Corp. v. Tokyo Ohka Kogyo Co.*, 2001 U.S. Dist. Lexis 24959 (N.D. Calif. 2001); *Amtel Corp. v. Information Storage Devices, Inc.*, 1998 U.S. Dist. Lexis 17564 (N.D. Calif. 1998)]. Thus this case represents an important question of Federal law that has not been, but should be settled by this Court (Rule 10). Specifically review of the Federal Circuit's case in *O2 Micro International Limited v. Monolithic Power Systems, Inc.*, (Fed. Cir. 2006) 467 F.3d 1355 and other decisions reveals a developing and dangerous trend to render decisions based upon local rules regarding form as opposed to the merits of claims.

PRELIMINARY INFRINGEMENT CONTENTIONS ARE FORM NOT SUBSTANCE

The role of the Court in determining infringement is a two step analysis.

> first the claims must be correctly construed to determine the scope of the claims. Second, the claims must be compared to the accused device [*Kahn v. General Motors Corp.* (Fed. Cir. 1998) 135 Fed. 3rd 1472, 1476; *Markman v. Westview Instruments Inc.*, (Fed. Cir. 1995) 52 Fed. 3rd 967, 976].

In this case, however, the trial court did not compare the "claims" to the accused device. Rather the trial court compared the "preliminary infringement contentions" to the accused device. The evidence before the trial court demonstrated a different application was appropriate. Appendix "C" to the Petition for a Writ of Certiorari contains the Court's written decision where at page 21(a) the Court states,

> in any event, it is undisputed that plate 3-the upper attachment-does not rotate relative **to what plaintiffs identify as the lower attachment**; rather, the upper attachment rotates with the lower attachment. Accordingly, under plaintiffs' **infringement contentions** defendants accused device does not read on at least one limitation of claim one of the '530 and therefore does not infringe as a matter of law. (emphasis added)

Thus, like respondents, the Court considered the preliminary infringement contentions a matter of substance which take the place of the claims in the patent itself. The Court is obligated to compare the claims to the accused device, not the infringement contentions.

In doing so the Court disregarded the evidence before it. The claims are written in the patent itself and the patent is what constitutes the evidence before the Court. Those claims are to be compared with the accused device. Notwithstanding the preliminary infringement contentions, plaintiff Richard Berger in this declaration filed in response to the motion for summary judgment clearly described the patent claims and how they applied to the accused device, properly identifying the upper attachment and the lower attachment distinguishing those from the coupler (A826-828). In his declaration, Mr. Berger separated the coupler and coupling mount from the lower attachment, thus demonstrating that the upper attachment did rotate relative to the lower attachment in the accused device, fulling the claim, and demonstrating infringement. The declaration presented evidence that contradicted and corrected the mistaken allegation in the single erroneous infringement contention. Thus, the evidence before the Court at the summary judgment motion indicated that the accused device did infringe. It was the infringement contentions that were given erroneous weight over the evidence before the Court.

Infringement contentions are clearly identified by their label. They are in fact "contentions". In order to establish any claim, pleadings must be drafted to set forth the contentions of the plaintiff to apply the law to the facts of the case. Pleadings frame the allegations of the plaintiff. Those allegations may be further be refined through discovery devices. Modern discovery includes a device known as the "contention interrogatory". Although, contention interrogatories involve attorney work product, they are nonetheless a commonly used and accepted discovery device [FRCP 33(b); *McCarthy v. Paine Webber Group* 168 F.R.D. 448, 450 (N.D. Conn. 1996)]. The fact that contentions are set forth, however, does not mean that the evidence produced

at trial or in response to summary judgment may not reveal variations between that originally contended in the pleadings or in discovery responses. In fact, discovery responses may be freely amended, and parties are obligated to do so (FRCP 26 [e]). Even after a trial the contentions of plaintiff may be modified according to the evidence that is produced (FRCP 15[b]; *First National Bank v. Continental Ill. Nat'l Bank* 933 F.2d 466, 468 [7th Cir. 1991])

Rule 56 motions are similar to a trial. Evidence is taken in summary form, but there is still an evidentiary evaluation of the case and the case is to be determined in a summary judgment upon its merits.

> Evidence presented to defeat a summary judgment motion need not be in admissible form, but it must be admissible in content [*Payne v. Pauley* (Seventh Cir. 2003) 337 Fed. 3rd 767 citing *Stinnett v. Iron Work Gym* (Seventh Cir. 2002) 301 Fed. 3rd 610, 613].

> The evidence of the nonmovant is to be believed and all justifiable inferences are to be drawn in his favor [*Anderson v. Liberty Lobby Inc.*, (1986) 477 U.S. 242, 255; *Adickes v. S.H. Kress & Co.* (1970) 398 U.S. 144, 158-159].

Considering the mandate for ruling on Rule 56 motions in favor of the non-moving party, the Court is not in a position to weigh conflicting evidence, but must accept all competent evidence offered in opposition, irrespective of its form. The Court in this case refused to consider the evidence set forth in the inventor's declaration that clearly established an infringement claim by his comparison of the patent claims themselves to the accused device. Instead, the Court rigidly seized upon the form of the preliminary infringement

contentions insisting upon using it as an exclusive guide in determining infringement.[1]

As described in the "Petition for a Writ of Certiorari" (Petition pages 4 and 5), infringement contentions are merely a characterization or correlation of the claims to be applied to the accused device. They are not the substance of either the claims, nor the device itself. The fact that counsel in a written form misstated the application of the claims to the device, does not belie the plain evidence of the claims themselves, nor their application to the device. In this case, however, the Court's have followed a dangerous trend to exalt the form of the local rules providing a format for correlation and characterization of the claims through the preliminary infringement contentions over the merits of evaluating the evidence itself.[2] The task specifically charged to the Court by the cases is that the "claims must be compared to the accused device." The preliminary infringement contentions are merely a form to assist in that comparison.

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1. Before the trial Court Mr. Slobodin argued that under the proper application of the local rules that plaintiffs would be entitled to amend as a matter of right. The Court refused this argument contending that in the absence of a claims construction hearing the right to amend did not apply (Appendix C; page 13a). The Court erroneously disregarded that a motion for summary judgment may be a substitute for a claims construction hearing (*Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 981 [Fed. Cir. 1995]), but does not absolve the Court from the task of claims construction. In so far as the term "lower attachment" was to be construed the Court should have considered plaintiffs argument and evidence as to what is actually to be construed as a "lower attachment" to be distinguished from a "coupler" instead of adhering to a draconian application of an erroneous infringement contention.

2. *O2 Micro International Limited v. Monolithic Power Systems, Inc.*, (Fed. Cir. 2006) 467 F.3d 1355; *Massachusetts Institute of Technology v. Abacus Software* (2004) U.S. District Court Lexis 30045.

DEFENDANTS WERE NOT PREJUDICED BY PLAINTIFFS' MISTAKE

Plaintiffs Richard Berger and his son Brant Berger invented the rotatable step-in binding in response to a long felt need in 1996 and applied for provisional patents (A824-825). In January 1997, Rossignol photographed the product at a trade show and began producing an infringing product a year later (A825). Rossignol thereupon began to create favorable pricing arrangements with rental shops, the primary market for the binding, and put the Bergers out of business (A825-826). Thus, Rossignol began manufacturing their infringing product a year before correspondence from Berger's counsel raising issues of infringement and before the final patent had even issued. Thus, Rossignol could not have relied letters sent a year after they had already manufactured the binding and competed heavily in the market to put the Bergers out of business [see: *Gasser Chairco Inc., v. Infanti Chair Mgf.* (Fed. Cir. 1995) 60 Fed. 3rd 770; *Hall v. Aqua Queen Manufacturing Inc.*, (Fed. Cir. 1996) 93 Fed 3rd 1548, and discussion at A791 through A795]. Having been put our of business, it is foreseeable that an inventor/plaintiff may suffer delays in obtaining counsel and funding the prosecution of a patent claim against his competitor who has usurped his invention and stolen his niche in the market place. What prejudice did Rossignol suffer by Bergers' delay in bringing their action–that they were allowed to make money off their ill gotten gains? Both respondent and the trial Court made reference to the delay in bringing the action, however this reference is not only irrelevant to the delay in correcting the infringement contentions, but is unjustified as well.

The trial court analyzed the prejudice that defendants relied on the preliminary infringement contentions for three months and based on such contentions incurred costs creating their own invalidity contentions and preparing their motion for summary judgment. In no respect, however, were

defendants prejudice to the detriment of a claimed defense upon the merits. Only one element of an independent claim was affected by the preliminary infringement contention actually in question. The actual cost to defendants arising from that single element would have been minimal and should have been addressed by way of appropriate monetary sanction, not the complete deprivation of a meritorious patent claim.

PETITIONERS RAISED THEIR ARGUMENTS BEFORE ALL OF THE LOWER COURTS

Contrary to the assertion in the opposition by Rossignol, petitioners did repeatedly raise their contention that their case should be adjudicated upon the merits in the courts below. To the trial court, the plaintiffs wrote,

> according to the Ninth Circuit, "district courts have inherent power to control their dockets, but not when its exercise would nullify the procedural choices reserved to parties under the federal rules." [*Atchison, T. & S. F. Ry. v. Hercules Inc.*, (Ninth Cir. 1998) 146 Fed. 3rd 1071, 174; (reversing dismissal sanction). According to Rule 1, the Federal Rules of Civil Procedure "govern the procedure in the United States district court in all suits of civil nature ... They shall be construed and administered to secure the **just**, speedy, and inexpensive determination of every action (FRCP Section 1; *Atchison* 146 Fed. 3rd at 1074 ("district courts may not follow local rules which are inconsistent with the federal rules.") (A1190)]

This excerpt taken from plaintiffs' motion under Rule 60(b) to vacate the judgment of the trial court precisely raises the inconsistency of the application of the local rules of the

Northern District in contradiction to the FRCP and the unfair adjudication of plaintiffs' claim based upon the form of the local rules and not upon the substance of the evidence before the Court. The arguments were reiterated to the Federal Circuit Court of Appeals in plaintiffs/appellants' opening brief at page 26.

THIS CASE PRESENTS AN IMPORTANT FEDERAL QUESTION ADDRESSING AN ALARMING TREND TOWARD THE DEPRIVATION OF VALID CLAIMS

The strict application of local rules in degradation of trial upon the merits of patent claims is represented by this case, and is a developing trend, not only in the Northern District of California, but throughout the country. The case is not an aberration, but the result of a deliberate policy of the District Courts. The Federal Circuit's decision in *O2 Micro International Limited v. Monolithic Power Systems, Inc.*, (*Supra*), reveals that the standard applied in patent cases is becoming materially different from other federal actions. Specifically, the diligence in adhering to the local rules will be the only material analysis applied to plaintiffs. Once that is found there is no need to consider prejudice to the defense. The decision in *O2 Micro International Limited v. Monolithic Power Systems, Inc.*, and the minimal prejudice considered by the trial court in this case reveal a policy that patent courts will adjudicate cases on the basis of the form of allegations required by the local rules as opposed to the evidence before it. Such an exalting of the local rules is contrary to the Federal Rules of Civil Procedure and to the great weight of authority in American common law that would hold that, absent the most egregious of circumstances which include material prejudice to the defendants, plaintiffs should not be deprived a meritorious claim [*Oliva v. Sullivan* (Ninth Cir. 1992) 958 Fed. 2nd 272, 274; *Atchison, T. & S. F. Ry. v. Hercules Inc.*, (Ninth Cir. 1998) 146 Fed. 3rd 1071, 1074].

The erroneous policy in the Northern District of California represented by this case specifically works an injustice against inventors of modest means who struggle economically to put together the details of their case against an economically superior infringer who abuses its economic superiority to prevent the assertion of valid claims. The United States District Courts should not be an obstacle to the assertion of meritorious claims, but rather should fairly adjudicate all meritorious claims giving deference to calendar control, but as in the case at bar where little prejudice is worked upon the defendant, a minor amendment to the form of infringement contentions required by the local rule presented prior to the ruling on a motion for summary judgment, and as demonstrated by evidence before the Court, should require the Court to rule upon the evidence before it, not upon the defect in form of presentation.

CONCLUSION

For the foregoing reasons and for the reasons set forth in the Petition, this Court should grant the Petition for writ of certiorari.

Respectfully submitted,

DOUGLAS B. ALLEN
BURNETT, BURNETT, & ALLEN
160 W. Santa Clara Street
Suite 1200
San Jose, CA 95113
(408) 298-6540

Attorney for Petitioners